

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

SEPTEMBER 30, 2001

(In Thousands)

Total fund balances for governmental funds \$ 5,835,924

Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds. (Note 10)

Land and other non-depreciable assets	3,101,732	
Buildings, equipment, and other depreciable assets	3,558,728	
Infrastructure	11,594,889	
Construction in progress	862,339	
Interest in joint ventures	25,000	
Accumulated depreciation	<u>(1,481,368)</u>	17,661,320

Certain tax revenues are earned but not available and therefore are  
deferred in the funds. 2,546,248

Other long-term assets are not available to pay for current period  
expenditures and therefore are deferred in the funds. 169,106

Internal service funds are used by management to charge the costs of  
certain activities, such as insurance and telecommunications, to  
individual funds. The assets and liabilities of the internal service funds  
are included in governmental activities in the Statement of Net Assets. 118,286

Certain pension trust funds have been funded in excess of the annual  
required contributions, creating a year-end asset. This asset is not a  
current available resource and is not reported in the funds. (Note 11) 103,879

Deferred issue costs are reported as current expenditures in the funds.  
However, deferred issue costs are amortized over the life of the bonds  
and are included in the governmental activities in the Statement of Net  
Assets. 8,843

Long-term liabilities are not due and payable in the current period and  
therefore are not reported in the funds. (Note 14)

Capital lease obligations	(228,454)	
Compensated absences	(431,740)	
Workers' Compensation	(199,850)	
Litigation	(887,851)	
Net pension obligations	(19,536)	
Arbitrage	<u>(5,417)</u>	(1,772,848)

Long-term bonded debt is not due and payable in the current period and  
therefore is not reported in the funds. Unamortized premiums, loss on  
refundings, and interest payable are not reported in the funds. However,  
these amounts are included in the Statement of Net Assets. This is the  
net effect of these balances on the statement. (Note 14)

Bonds and notes payable	(5,172,523)	
Unamortized premiums	(43,942)	
Less deferred loss amount on refundings	20,348	
Accrued interest payable	<u>(90,852)</u>	<u>(5,286,969)</u>

Net assets of governmental activities \$ 19,383,790

The accompanying notes are an integral part of the financial statements.